



State of Iowa Interim Legislative Committee Presentation

October 18, 2007

Aquila Inc.
NYSE: ILA
www.aquila.com

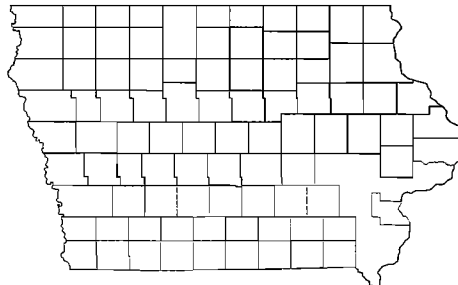
Matthew Daunis, Manager
Energy Efficiency Programs
(816) 467-3437
Matt.Daunis@aquila.com

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Aquila: Who We Are In Iowa

- **Customers Served** – 144,737
- **Number of Communities Served** – 132
- **Average Customers Per Community** – 1,100
- **Largest Communities** – Dubuque, Council Bluffs
- **Number of Employees** – 194



Regional Offices

Dubuque
Decorah
Council Bluffs
Denison
Spencer
Webster City
Newton

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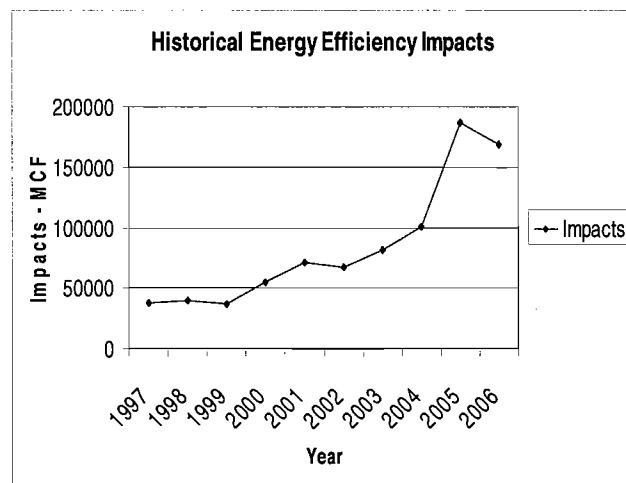
Aquila's Past Performance

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Aquila's Past Performance



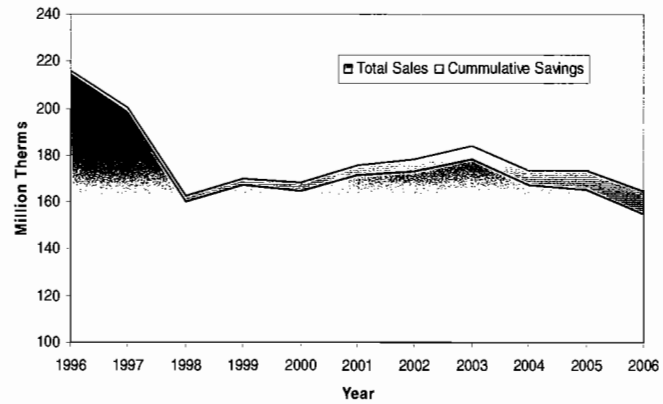
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Historical Data



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Aquila's Current Programs

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Current Programs

- **Residential**
 - Space and Water Heating
 - Audit
- **Commercial/Industrial**
 - Prescriptive and Custom
 - Audit

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Current Programs

- **Special Programs**
 - Low-Income Weatherization
 - Low-Income Energy Education
 - Habitat for Humanity
 - Low-Income Multi-Family
 - School-Based Energy Education
 - Trees Programs

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Current Programs

- Program Delivery
 - Customers
 - Trade allies



Aquila's Recent Highlights and Successes



Highlights and Successes

- 2006 – Extremely successful
- Served over 15,000 Iowa households and 400 businesses
- Generated over \$7 million in net benefits annually

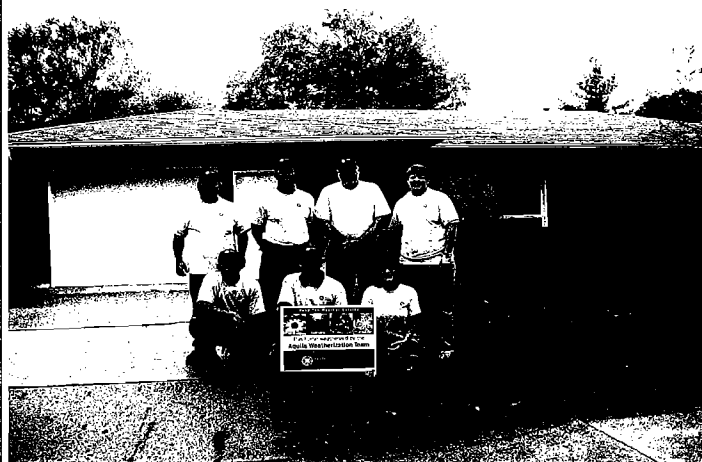
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Highlights and Successes

- Aquila Weatherization Team
- September 25, 2007 – Story City



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Highlights and Successes



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Highlights and Successes

- Commercial Custom Rebate Program

- Examples of 2007 Projects:

- New Hampton

- First Baptist Church

234,000
BTH
boilers
replaced
\$1682

- Chickasaw County Home

21 million
BTH
3000
replaced

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Aquila's Future Program Updates

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Future Program Updates

Residential Programs

- **Innovative Space and Water Heating Program**
 - Move some measures to another program
 - Leakproof duct fittings
 - Trombe (Thermal) Walls
 - Corn Pellet Stoves
 - Contractor Rebates
- **Furnace Replacement Program**
 - Higher eligibility levels

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Future Program Updates

Commercial Programs

- Trade Allies
- Prescriptive and Custom Rebate Programs

Industrial Programs

- Whole process perspective
- Partnership

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Energy Efficiency and Regulatory Challenges Facing Gas Utilities

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EE and the Regulatory Challenges Facing Gas Utilities

- *There is general agreement that the current energy efficiency programs result in lower natural gas usage per customer.*
- *Reductions in natural gas usage have a significant financial impact on utilities (especially on gas-only utilities).*
- *As a matter of policy, Aquila would recommend that any consideration of increases in energy efficiency program spending should mitigate the related reduction in utility revenues.*
- *Aquila favors revenue stabilization through an innovative rate design.*

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Questions?

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